Congressional Closeup by William Jones

Dole threatens gridlock over Whitewater hearings

Senate Minority Leader Bob Dole (R-Kan.) threatened on April 8 to "slow things down" on Capitol Hill unless Democrats schedule hearings by May 1 on the "Whitewater affair." Under pressure from Republicans, the Senate and House in March both voted to authorize hearings, but no date has yet been announced.

Meanwhile, Rep. Jim Leach (R-Iowa), a leader in the British-orchestrated assault on the presidency, has come under increasing fire to come forward with evidence related to the attacks he made on the President and First Lady's investment dealings on March 24 on the House floor. Leach released a memo on April 7 in which he tried to show that the Clintons had received $49,833 in benefits from their Whitewater investment, compared with the $46,636 they said they had invested in it.

McCloskey assails policy on Bosnia

Rep. Frank McCloskey (D-Ind.), who serves on both the House Foreign Affairs and Armed Services committees, warned the Clinton administration at a press conference on April 6, shortly after his six-day trip to Bosnia, that the only thing the Serbs will respect is force or a credible threat of force. McCloskey charged that the United States and the West are complicit in a policy to force the Bosnians into "an unworkable and unmanageable peace."

"We may say that we're not forcing the Bosnians into any particular negotiating position," McCloskey said, "but by our statements and, believe me, by documents that are in control of various U.S. agencies, this is the case. We are forcing them—we're trying to force them into a particular unworkable settlement." He warned that if action were not taken to stop Serbian aggression, it would be equivalent to "telling the Bosnians that they have lost the war," saying to them, "you'd better take what you can get, you know, while you have some people alive."

McCloskey called for lifting the U.N. arms embargo so the Bosnians could defend themselves, and for strategic air strikes. However, he cautioned against putting U.S. peacekeeping troops on the ground, trying to keep boundaries stable in a peace that is not a peace, a peace that the parties don't want. But he encouraged greater involvement of U.S. military and civilian personnel in support functions.

McCloskey also warned that if the West allows the slaughter in Bosnia to continue, the alliance between the Bosnians and Croatians would be threatened. He praised the efforts made by the Clinton administration, but said that if "the Serbs are being given a green light for destruction elsewhere . . . that alliance in itself will not hold and we'll have a situation as bad as or worse than it ever was."

Anti-money-laundering bill passes House

On March 21, the House passed the Money Laundering Suppression Act of 1994 (H.R. 3235) on a voice vote. The legislation had been introduced last fall by Banking Committee Chairman Henry B. Gonzalez (D-Tex.). According to Gonzalez, "Its provisions both enhance the government's ability to combat money laundering and reduce unnecessary reporting burdens on banks."

One provision of the bill provides for a substantial reduction in the number of currency transaction reports (CTRs) that must be filed by banks and other financial institutions. "The 10 million CTRs filed every year entail huge costs for filers and the Treasury Department, which must process the data," reasoned Gonzalez. "In addition, this mountain of reports actually has made it more difficult for law enforcement agencies to sort through the database during an investigation." The solution could be alleviated, he explained, by exempting banks from filing CTRs on customers whose transactions have little or no law enforcement value.

The bill also addresses the problem of money laundering at so-called non-bank financial institutions. As banks have improved their compliance with currency reporting requirements, money-laundering activity has shifted to these businesses. It is difficult for the government to monitor them because they do not receive the same attention from regulators that banks do. The bill requires non-bank money transmitters to register with the Treasury Department, and recommends that money transmitters be licensed at the state level. "Reports on legitimate transactions are the chaff in which the kernels of illegitimate transactions hide," said Gonzalez.

"By eliminating those reports, it should be easier for law enforcement officials to identify those reports which have a high degree of usefulness in combatting money laundering," said Stephen Neal (D-N.C.), a co-sponsor of the bill. "Section 11 of the bill clarifies that the offense of structuring transactions to evade currency reporting requirements does not require the government to prove that a defendant knew that structuring is illegal," he said. This provision was put in the bill in response to a 1993

Supreme Court ruling that such a showing is necessary.

Jim Leach (Iowa), the ranking Republican on the committee, agreed that money laundering was "an extraordinary problem, representing the lifeblood of the drug trade." He also said that the bill would "centralize the reporting of suspicious transactions, subject foreign bank drafts to reporting for the first time, require the banking agencies to improve training for bank examiners to detect money-laundering schemes, and require all money-transmitting businesses to register with the Treasury Department."

The only reservation to the bill came from Jim Bilbray (D-Nev.), who was concerned that establishing a new federal system to parallel an already-existing state system would "result in significant new costs to my state's most important industry," i.e., casino gambling. He was assured by Neal that this matter would be appropriately resolved when the bill goes to conference committee.

Specter would cut drug enforcement

The Senate adopted on March 26 a resolution sponsored by Arlen Specter (R-Pa.) as an amendment to the concurrent budget resolution, which promulgates the view that law enforcement as an approach to the drug problem has been a failure.

In his remarks, Specter said that the amendment "would re-allocate funding for the so-called supply side, where funds are expended in Latin America for crop eradication and for police work in Latin America, which has proved to be unsuccessful, and would transfer those funds to the so-called demand side, where monies would be used for rehabilitation and education in the United States."

Specter called for a 50-50 split, as opposed to the current 60-40 split. He said that in spite of the fact that there have been "substantial reductions" in the number of hectares under opium and coca cultivation, the net effect has been an increase in production "because it is so profitable to make opium and to produce coca."

The amendment was criticized by John Kerry (D-Mass.), who warned that "the Specter amendment fails to recognize that there is a close connection between international drug trafficking and our domestic crime and drug problems. . . . The fact that our past efforts have not been as effective as they need to be does not justify simply shutting down international efforts. We require a smarter strategy, not an absence of strategy, which I fear would be the net result of the Specter approach, were it to be implemented."

Gonzalez disputes economic statistics

House Banking Committee Chairman Henry Gonzalez (D-Tex.), in remarks on the House floor on March 23, took the Federal Reserve to task for not connecting its monetary policies with the needs of real people for real jobs. "In the old days," he said, "doctors used to 'bleed' patients in order to bring them back to health. Unfortunately, more than a few patients have failed to respond to this therapy."

Gonzalez said this was "a disturbing analogy with the Federal Reserve's current prescription for economic health—a policy of raising interest rates in order to slow down an already-dragging economic recovery. Rather than resuscitating the patient, the doctors at the Fed are knocking the patient unconscious." Gonzalez was referring to the recent decision by Fed Chairman Alan Greenspan to raise the federal funds rate.

"There is a serious inconsistency," he said, "between the conditions nearly everyone in the labor markets encounters and the aggregate statistics compiled by the government which show overall economic activity picking up from 1991 when growth was negative." He pointed to the real trends in the physical economy. "As trained and experienced people are laid off all over the country, they not only find fewer ads seeking employees, but the quality of the jobs being offered has seriously fallen. . . . Hourly earnings, adjusted for inflation, for 80% of the U.S. work force have been falling since 1965. . . . What this means is that most of the nation's workers buy less and less with the money they earn. Today, they can only buy about the same as they could in 1965."

Mitchell declines Supreme Court nod

Senate Majority Leader George Mitchell (D-Me.) announced April 12 that he would not be a candidate for the Supreme Court to replace retiring Justice Harry Blackmun. Mitchell said that he felt it was important to continue serving as majority leader in order to assist the President in getting his health care program and other legislation through Congress this year.

Mitchell's recent announcement that he would not run again for his Senate seat had raised eyebrows in Washington. Mitchell was considered a shoo-in for the Supreme Justice post. He left open the possibility of making himself available, should another Supreme Court appointment become available.